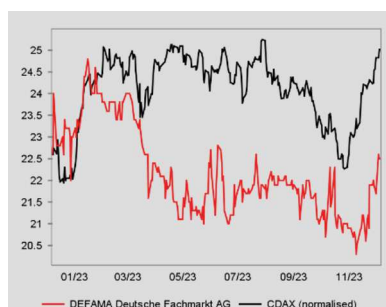


<b>Buy</b> <b>EUR 30.70</b>  Price EUR 22.50 Upside <b>36.4 %</b>	<b>Value Indicators:</b> EUR NAV (WRe) 24e: 31.56 FFO-Yield 24e: 29.93	<b>Warburg ESG Risk Score: 2.3</b> ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.8 Market Liquidity Score: 0.0	<b>Description:</b> Commercial real estate company focused on retail parks in Northern and Eastern Germany
	<b>Market Snapshot:</b> EUR m Market cap: 108.00 No. of shares (m): 4.80 EV: 274.64 Freefloat MC: 77.76 Ø Trad. Vol. (30d): 71.61 th	<b>Shareholders:</b> Freefloat 72.00 % MSC Invest GmbH 26.00 % Supervisory board 2.00 %	<b>Key Figures (WRe):</b> 2023e LTV: 60.5 % Equity Ratio: 19.7 %

## Taking advantage of current market environment to grow

- DEFAMA is convincingly continuing its growth course on the portfolio side. The company is in a position to benefit from the tight commercial real-estate market as it is one of the few buyers on the transaction market thanks to its financial flexibility and good access to financing. After announcing the company's largest transaction to date of a low double-digit million the week before last, DEFAMA has now announced the purchase of a further retail park.
- The acquired property is a local retail park in Grevesmühlen (Mecklenburg-Western Pomerania) with a lettable area of approx. 4,200 sqm. The core tenants of the property include Netto, KiK, a medical care centre and a pharmacy. The annual net rent amounts to around EUR 400k. The seller Verifort Capital which, according to our information, has a rather opportunistic approach and does not pursue a buy-and-hold strategy, had already sold one property in Nordhausen (2023) and one in Anclam (2020) to DEFAMA. According to our estimates, the purchase price is likely to be in the range of EUR 3.6-4.2m, which would correspond to a multiple of 9 to 10.5. The total acquisition volume sums up to nearly EUR 25m which is currently modestly below levels in 2021 and 2022 of which ~29m were at a higher rent multiple.
- The "Netto" space was modernized in 2023 with the positive effect of a long-term lease. The transaction, which is expected to be completed in Q1 2024, will increase annualized FFO to EUR 11.3m or EUR 2.35 per share. This means that the guidance target of EUR 11m in 2023 has already been exceeded and we believe there is a possibility that there will be further DEFAMA portfolio transactions before the end of the year, both on the buy and sell side.
- In view of the impressive track record in acquisitions, we confirm our Buy recommendation with an unchanged price target of EUR 30.70.

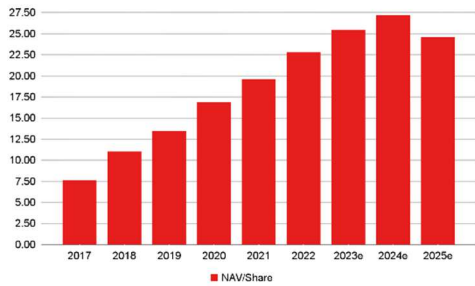


Rel. Performance vs CDAX:	
1 month:	-0.1 %
6 months:	4.1 %
Year to date:	-15.7 %
Trailing 12 months:	-13.9 %

### Company events:

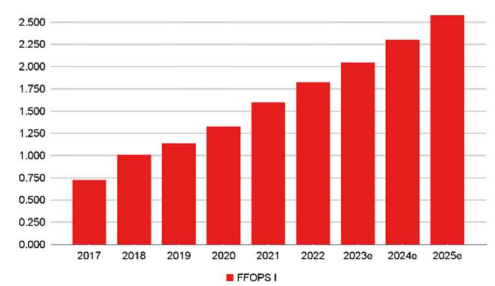
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
<b>Rental income</b>		9.53	12.19	14.55	17.25	21.07	23.05	24.38
<b>Change yoy</b>		25.1 %	27.9 %	19.4 %	18.6 %	22.1 %	9.4 %	5.8 %
<b>EBIT</b>		4.50	5.62	9.11	10.08	9.48	10.52	11.03
<b>FFO I</b>		4.62	5.87	7.06	8.58	9.83	11.05	12.37
<b>FFO I-margin</b>		48.4 %	48.2 %	48.5 %	49.7 %	46.6 %	47.9 %	50.8 %
<b>EBT</b>		2.78	3.49	6.51	7.18	5.31	5.98	7.16
<b>Net income</b>		2.06	2.51	5.04	5.39	3.94	4.40	5.35
<b>EPS</b>		0.51	0.57	1.14	1.15	0.82	0.92	1.11
<b>FFOPS I</b>		1.14	1.33	1.60	1.82	2.05	2.30	2.58
<b>DPS</b>		0.45	0.48	0.51	0.54	0.58	0.63	0.68
<b>Dividend Yield</b>		2.9 %	2.7 %	2.3 %	2.1 %	2.6 %	2.8 %	3.0 %
<b>Book Value / Share</b>		5.50	5.61	6.27	8.53	8.77	9.05	9.39
<b>P / E</b>		30.1 x	30.9 x	19.5 x	22.0 x	27.4 x	24.6 x	20.2 x
<b>Price / Book</b>		2.5 x	3.1 x	3.5 x	2.9 x	2.6 x	2.5 x	2.4 x
<b>P / NAVPS</b>		1.1 x	1.0 x	1.1 x	1.1 x	0.9 x	0.8 x	0.9 x
<b>FFO I-Yield</b>		7.5 %	7.6 %	7.2 %	7.2 %	9.1 %	10.2 %	11.5 %
<b>ROE</b>		10.2 %	10.2 %	19.2 %	15.7 %	9.5 %	10.3 %	12.1 %
<b>LTV</b>		58.2 %	60.2 %	61.3 %	59.7 %	60.5 %	60.8 %	62.1 %
<b>Guidance:</b>	in EUR; 2023: FFO of ~9.8m, Net profit (HGB) of ~4.0m; 2025: FFO= 13m							

NAV per share development in EUR



Source: Warburg Research

FFO per share development in EUR



Source: Warburg Research

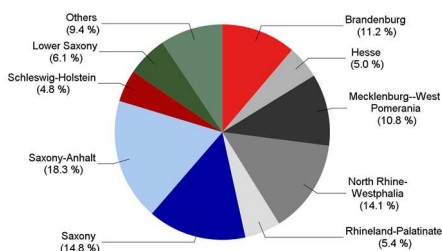
Company Background

- Founded in 2014 and headquartered in Berlin, DEFAMA focuses on the acquisition, ownership and management of retail parks in German small and medium-sized cities, predominantly in Northern and Eastern Germany.
- The investment strategy is to "buy and hold" assets with high occupancy and minor capex needs for a purchase price of ~10x annual rent.
- Investment volumes are EUR 1 - 5 million per asset. Anchor tenants are nationwide retailers.

Competitive Quality

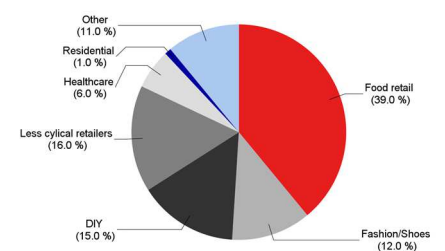
- Real estate competence: founder, major shareholder and CEO Matthias Schrade, previously oversaw as a board member responsible for acquisitions for a non-listed real estate company based in Munich.
- Unique focus: the company competes for assets that are too large for individual investors and too small for institutional investors and can "buy low".
- Strong access to local public banks networks, for whom real estate financings for DEFAMA projects are large and important deals. They in turn know smaller tenants well.
- Focus on leading centers in smaller cities ("big fish in a small pond").

Geogr. breakdown of rental income % of total rental income



Source: Warburg Research

Rental income by sector % of rental income



Source: Warburg Research

<b>Valuation</b>							
	2019	2020	2021	2022	2023e	2024e	2025e
P / E	30.1 x	30.9 x	19.5 x	22.0 x	27.4 x	24.6 x	20.2 x
P / NAVPS	1.1 x	1.0 x	1.1 x	1.1 x	0.9 x	0.8 x	0.9 x
Price / Book	2.5 x	3.1 x	3.5 x	2.9 x	2.6 x	2.5 x	2.4 x
P / FFOPS I	13.4 x	13.2 x	13.9 x	13.8 x	11.0 x	9.8 x	8.7 x
FFO I-Yield	7.5 %	7.6 %	7.2 %	7.2 %	9.1 %	10.2 %	11.5 %
ROE	10.2 %	10.2 %	19.2 %	15.7 %	9.5 %	10.3 %	12.1 %
Equity Ratio	24 %	18 %	18 %	21 %	20 %	19 %	20 %

<b>Company Specific Items</b>							
	2019	2020	2021	2022	2023e	2024e	2025e
NAV/Share	13.46	16.86	19.61	22.80	25.47	27.19	24.60
Vacancy Rate	4.0 %	3.7 %	5.0 %	6.2 %	5.0 %	4.0 %	4.0 %

**Consolidated profit and loss**

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
<b>Total revenues</b>	<b>11.21</b>	<b>14.58</b>	<b>17.13</b>	<b>20.23</b>	<b>24.50</b>	<b>27.44</b>	<b>29.02</b>
<b>Rental income</b>	<b>9.53</b>	<b>12.19</b>	<b>14.55</b>	<b>17.25</b>	<b>21.07</b>	<b>23.05</b>	<b>24.38</b>
Change yoy	25.1 %	27.9 %	19.4 %	18.6 %	22.1 %	9.4 %	5.8 %
Property operating costs	2.63	3.08	4.05	4.24	5.76	6.53	6.91
Property management costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rental profit	8.57	11.49	13.08	15.98	18.74	20.91	22.11
<b>Income from property sales</b>	<b>0.00</b>	<b>0.00</b>	<b>2.77</b>	<b>2.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Other revenues</b>	<b>0.07</b>	<b>0.12</b>	<b>0.47</b>	<b>0.22</b>	<b>0.44</b>	<b>0.55</b>	<b>0.58</b>
<b>Gross profit</b>	<b>8.64</b>	<b>11.62</b>	<b>16.32</b>	<b>18.46</b>	<b>19.18</b>	<b>21.46</b>	<b>22.69</b>
Administration expenses	0.70	0.81	0.98	1.23	2.03	2.31	1.63
Personnel expenses	1.04	1.50	1.88	1.98	1.71	1.92	2.96
Other operating income/expenses	0.00	-0.31	-0.11	-0.08	-0.08	-0.08	-0.06
Unfrequent items	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>EBITDA</b>	<b>7.04</b>	<b>8.99</b>	<b>13.35</b>	<b>15.18</b>	<b>15.36</b>	<b>17.16</b>	<b>18.05</b>
Valuation result	0.00	0.00	n.a.	n.a.	0.00	0.00	0.00
Depreciation of fixed assets	2.55	3.36	4.24	5.10	5.88	6.64	7.02
<b>EBITA</b>	<b>4.50</b>	<b>5.62</b>	<b>9.11</b>	<b>10.08</b>	<b>9.48</b>	<b>10.52</b>	<b>11.03</b>
Amortisation of intangible assets/Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EBIT</b>	<b>4.50</b>	<b>5.62</b>	<b>9.11</b>	<b>10.08</b>	<b>9.48</b>	<b>10.52</b>	<b>11.03</b>
Interest income	0.01	0.01	0.01	0.01	0.00	0.00	0.00
Interest expenses	1.73	2.14	2.61	2.91	4.17	4.54	3.86
Other financial income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financial result</b>	<b>-1.72</b>	<b>-2.13</b>	<b>-2.60</b>	<b>-2.90</b>	<b>-4.17</b>	<b>-4.54</b>	<b>-3.86</b>
<b>EBT</b>	<b>2.78</b>	<b>3.49</b>	<b>6.51</b>	<b>7.18</b>	<b>5.31</b>	<b>5.98</b>	<b>7.16</b>
<i>Margin</i>	24.8 %	24.0 %	38.0 %	35.5 %	21.7 %	21.8 %	24.7 %
Total taxes	-0.71	-0.71	-0.71	-1.78	-1.36	-1.58	-1.81
thereof cash taxes	-0.42	-0.42	-0.42	-1.22	-0.75	-0.90	-1.10
<b>Net income from continuing operations</b>	<b>2.07</b>	<b>2.51</b>	<b>5.04</b>	<b>5.40</b>	<b>3.95</b>	<b>4.41</b>	<b>5.35</b>
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income before minorities</b>	<b>2.07</b>	<b>2.51</b>	<b>5.04</b>	<b>5.40</b>	<b>3.95</b>	<b>4.41</b>	<b>5.35</b>
Minority interest	0.01	0.00	0.00	0.01	0.01	0.01	0.00
<b>Net income</b>	<b>2.06</b>	<b>2.51</b>	<b>5.04</b>	<b>5.39</b>	<b>3.94</b>	<b>4.40</b>	<b>5.35</b>
Number of shares, average	4.05	4.42	4.42	4.71	4.80	4.80	4.80
<b>FFO (II)</b>	<b>4.62</b>	<b>5.87</b>	<b>7.06</b>	<b>8.58</b>	<b>9.83</b>	<b>11.05</b>	<b>12.37</b>
<i>FFO I-margin</i>	48.4 %	48.2 %	48.5 %	49.7 %	46.6 %	47.9 %	50.8 %
<b>FFOPS I</b>	<b>1.14</b>	<b>1.33</b>	<b>1.60</b>	<b>1.82</b>	<b>2.05</b>	<b>2.30</b>	<b>2.58</b>
<b>EPS</b>	<b>0.51</b>	<b>0.57</b>	<b>1.14</b>	<b>1.15</b>	<b>0.82</b>	<b>0.92</b>	<b>1.11</b>
EPS adj.	0.47	0.57	1.14	1.12	0.82	0.92	1.11

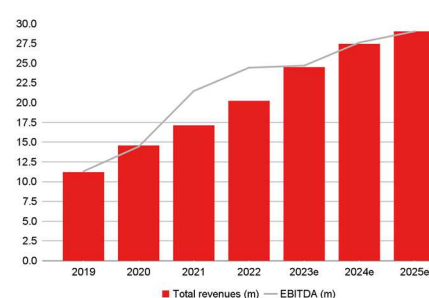
\*Adjustments made for:

**Guidance: in EUR; 2023: FFO of ~9.8m, Net profit (HGB) of ~4.0m; 2025: FFO= 13m**

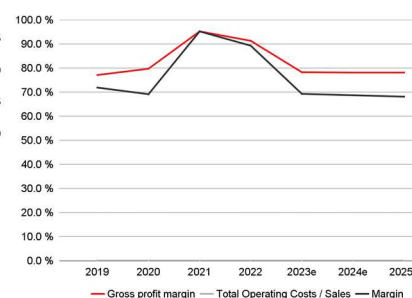
**Financial Ratios**

	2019	2020	2021	2022	2023e	2024e	2025e
Property operating costs / Rental Income	27.6 %	25.3 %	27.8 %	24.6 %	27.3 %	28.3 %	28.3 %
Operating Leverage (Real Estate)	5.0 x	4.6 x	6.2 x	6.5 x	5.2 x	11.9 x	19.5 x
Rental profit / interest expenses	5.0 x	5.4 x	5.0 x	5.5 x	4.5 x	4.6 x	5.7 x

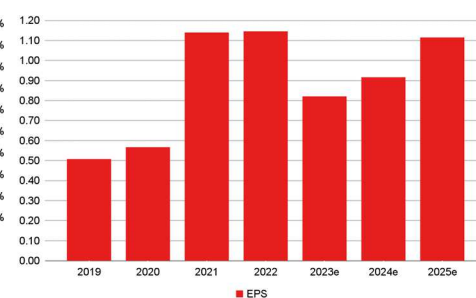
**Revenues, EBITDA**  
in EUR m



**Operating Performance**  
in %



**Performance per Share**



Source: Warburg Research

Source:

Source: Warburg Research

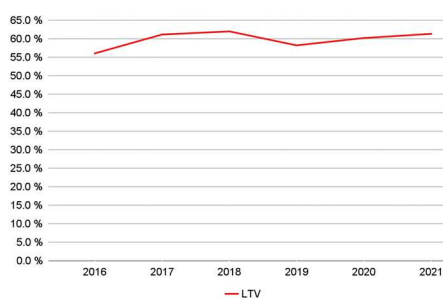
**Consolidated balance sheet**

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
<b>Assets</b>							
Goodwill and other intangible assets	0.03	0.02	0.02	0.01	0.01	0.01	0.02
thereof other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
thereof Goodwill	0.03	0.02	0.02	0.01	0.01	0.01	0.02
Property, plant and equipment	0.11	1.39	1.29	1.13	1.14	1.15	1.34
Investment properties	93.14	127.79	147.57	183.67	201.53	217.14	213.23
Financial assets	1.70	0.12	1.37	1.22	1.22	1.22	1.37
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Fixed assets</b>	<b>94.98</b>	<b>129.33</b>	<b>150.25</b>	<b>186.03</b>	<b>203.90</b>	<b>219.52</b>	<b>215.96</b>
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	0.80	0.96	6.20	6.32	6.45	1.04
Liquid assets	6.98	4.28	1.52	3.67	3.30	2.53	4.81
Other short-term assets	2.31	2.30	3.53	3.44	2.04	2.08	-1.05
<b>Current assets</b>	<b>9.29</b>	<b>7.38</b>	<b>6.01</b>	<b>13.31</b>	<b>11.66</b>	<b>11.06</b>	<b>8.09</b>
<b>Total Assets</b>	<b>104.28</b>	<b>136.71</b>	<b>156.26</b>	<b>199.33</b>	<b>215.56</b>	<b>230.58</b>	<b>224.05</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	4.42	4.42	4.42	4.80	4.80	4.80	4.80
Capital reserve	17.31	17.31	17.31	27.19	27.19	27.19	27.19
Retained earnings	2.56	3.07	5.99	8.93	10.09	11.46	13.09
Other equity components	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Shareholders' equity</b>	<b>24.29</b>	<b>24.81</b>	<b>27.72</b>	<b>40.92</b>	<b>42.08</b>	<b>43.45</b>	<b>45.08</b>
Minority interest	0.39	0.40	0.40	0.41	0.41	0.41	0.40
Provisions	0.43	0.51	0.53	0.68	0.68	0.68	0.53
thereof provisions for pensions and similar obligations	0.21	0.25	0.26	0.34	0.34	0.34	0.26
Financial liabilities (total)	76.52	110.25	124.59	154.53	169.60	183.24	175.08
Short-term financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts payable	0.51	0.29	0.96	0.64	0.64	0.64	0.96
Other liabilities	2.54	0.86	2.46	2.56	2.57	2.57	2.41
<b>Liabilities</b>	<b>79.99</b>	<b>111.91</b>	<b>128.54</b>	<b>158.41</b>	<b>173.48</b>	<b>187.13</b>	<b>178.97</b>
<b>Total liabilities and shareholders' equity</b>	<b>104.28</b>	<b>136.71</b>	<b>156.26</b>	<b>199.33</b>	<b>215.56</b>	<b>230.58</b>	<b>224.05</b>

**Financial Ratios**

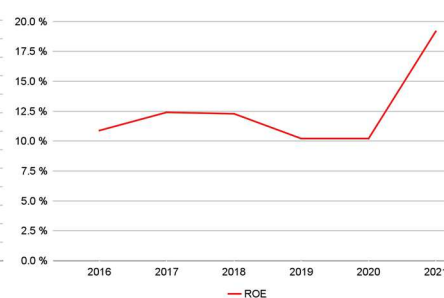
	2019	2020	2021	2022	2023e	2024e	2025e
<b>Return on Capital</b>							
ROA	2.2 %	2.1 %	3.4 %	3.0 %	1.9 %	2.0 %	2.4 %
ROE	10.2 %	10.2 %	19.2 %	15.7 %	9.5 %	10.3 %	12.1 %
FFO I / Equity	0.2 x	0.2 x	0.3 x	0.2 x	0.2 x	0.3 x	0.3 x
<b>Solvency</b>							
Net Debt	69.75	106.23	123.34	151.20	166.64	181.05	170.54
Net Financial Debt	69.54	105.98	123.07	150.86	166.30	180.71	170.27
Net Fin. Debt / EBITDA	9.9 x	11.8 x	9.2 x	9.9 x	10.8 x	10.5 x	9.4 x
LTV	58.2 %	60.2 %	61.3 %	59.7 %	60.5 %	60.8 %	62.1 %
Equity Ratio	23.7 %	18.4 %	18.0 %	20.7 %	19.7 %	19.0 %	20.3 %

**LTV**



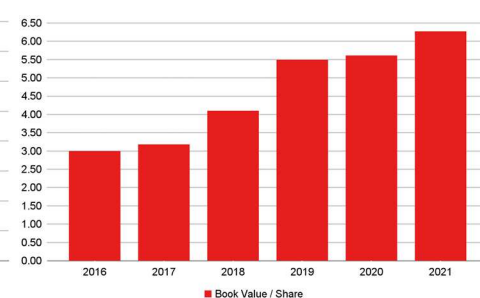
Source: Warburg Research

**ROE**  
in %



Source: Warburg Research

**Book Value per Share**  
in EUR



Source: Warburg Research

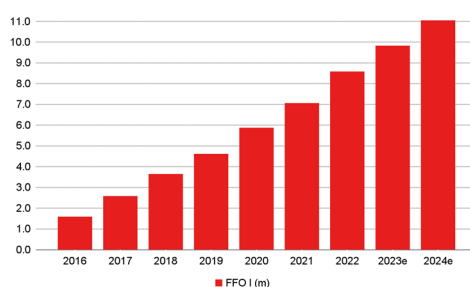
### Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
<b>Net cash provided by operating activities [1]</b>	<b>3.80</b>	<b>4.96</b>	<b>7.41</b>	<b>10.86</b>	<b>9.66</b>	<b>10.87</b>	<b>12.30</b>
<b>Net cash provided by investing activities [2]</b>	<b>-16.09</b>	<b>-37.91</b>	<b>-22.39</b>	<b>-43.56</b>	<b>-22.50</b>	<b>-22.50</b>	<b>-22.50</b>
<b>Net cash provided by financing activities [3]</b>	<b>16.47</b>	<b>30.25</b>	<b>12.22</b>	<b>34.84</b>	<b>12.48</b>	<b>10.86</b>	<b>11.05</b>
Change in liquid funds [1]+[2]+[3]	4.18	-2.70	-2.76	2.15	-0.37	-0.77	0.85
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and cash equivalent at end of period</b>	<b>6.98</b>	<b>4.28</b>	<b>1.52</b>	<b>3.67</b>	<b>3.30</b>	<b>2.53</b>	<b>0.85</b>

### Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
<b>Cash Flow</b>							
FFO (II)	4.62	5.87	7.06	8.58	9.83	11.05	12.37
FFOPS I	1.14	1.33	1.60	1.82	2.05	2.30	2.58
FFOPS I diluted	1.04	1.33	1.60	1.82	2.09	2.35	2.58
FFO I-Yield	7.5 %	7.6 %	7.2 %	7.2 %	9.1 %	10.2 %	11.5 %
FFO I-margin	48.4 %	48.2 %	48.5 %	49.7 %	46.6 %	47.9 %	50.8 %
Interest Paid / Avg. Debt	2.4 %	2.3 %	2.2 %	2.1 %	2.6 %	2.6 %	2.2 %
<b>Management of Funds</b>							
Capex/Investment Properties	-17.3 %	-29.7 %	-15.2 %	-23.7 %	-11.2 %	-10.4 %	-10.6 %
Avg. Working Capital / Sales	-1.3 %	0.0 %	1.5 %	13.8 %	23.0 %	20.9 %	10.2 %
Dividend Payout Ratio	88.2 %	84.5 %	44.7 %	47.1 %	70.5 %	68.6 %	61.0 %

### FFO



Source: Warburg Research

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
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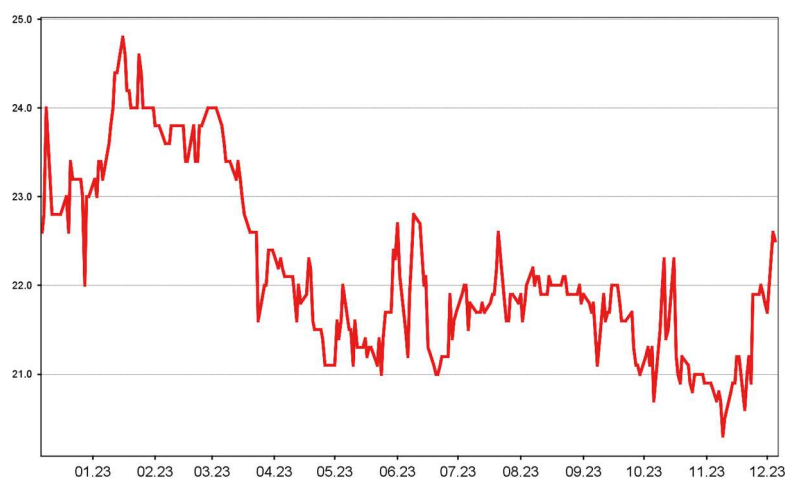
Rating	Number of stocks	% of Universe
Buy	154	73
Hold	46	22
Sell	5	2
Rating suspended	7	3
<b>Total</b>	<b>212</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	43	81
Hold	7	13
Sell	0	0
Rating suspended	3	6
<b>Total</b>	<b>53</b>	<b>100</b>

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